

Service Date: May 4, 2005

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

In the Matter of the Application)	UTILITY DIVISION
Of Energy West Incorporated for)	
An Order Approving the Issuance)	DOCKET NO. D2005.4.54
of up to 345,000 shares of Common Stock)	
)	ORDER NO. 6643

FINAL ORDER

On April 14, 2005 Energy West Incorporated filed a Petition for an order approving the issuance up to 345,000 shares of stock for the purposes designated in the petition. The Commission is required to issue an order (with certain exceptions) within 30 days of the date of the filing of a petition of this sort pursuant to 69-3-503, MCA. Proper notice of this filing was made by the Commission on April 21, 2005. No requests for intervention were received pursuant to that notice.

Findings of Fact

1. Petitioner is a public utility subject to the regulation of the Commission pursuant to 69-3-101 et seq.
2. Petitioner is a corporation incorporated under the laws of the State of Montana and provides natural gas service in various communities in the State of Montana under tariffs approved by this Commission.
3. The Commission has jurisdiction over the subject matter of this petition pursuant to 69-3-501 et seq.

4. The petition states that the Company is issuing stock to qualified investors pursuant to a private offering.

5. The petition also makes reference to the credit facility between the Company and LaSalle Bank, which contains the following covenant:

Until the expiration or termination of the Commitments and thereafter until all obligations of the Company hereunder and under the other Loan Documents are paid in full and all Letters of Credit have been terminated, the Company agrees that, unless at any time the Required Banks shall otherwise expressly consent in writing, it will: ...

10.26 New Equity Infusion. Cause each of the following to occur on or before October 1, 2005: (i) consummation of all New Equity Infusions, on terms and conditions and pursuant to New Equity Infusion documents satisfactory to Agent and the Banks in their discretion and otherwise in accordance with the terms of this Agreement, which provide the Company with Net Cash Proceeds of an amount equal to or greater than \$2,000,000; (ii) payment in full of Term Loan B, together with all interest, fees, costs and expenses which have arisen or accrued but remain unpaid with respect thereto, with proceeds of New Equity infusions; and (iii) deliver copies of the New Equity Infusion Documents to Agent, certified as being true, correct and complete copies thereof by a Responsible Officer of the Company.

This covenant requires the Company to issue sufficient equity to raise \$2,000,000 of cash for the purposes of paying off its Term Loan. The Company, therefore, has embarked on a process to accomplish this issuance of equity.

6. The petition also states that the Company believes that the amount of leverage in its capital structure should be reduced in order to strengthen its balance sheet which will allow the Company to finance its operations on terms more favorable to both its shareholders and its ratepayers.

Conclusions of Law

1. Energy West Incorporated is a public utility subject to the jurisdiction of this Commission pursuant to 69-3-101 et seq, MCA.
2. The issuance of securities by a public utility fall within the jurisdiction of the Commission pursuant to 69-30-501 et seq, MCA.
3. The issuance of up to 345,000 shares of common stock of Energy West Incorporated is hereby authorized and found to be consistent with the public interest; and that the aggregate amount of securities outstanding, including the securities which are the subject of this petition, do not exceed the fair value of the Company's public utility properties and business.


Order

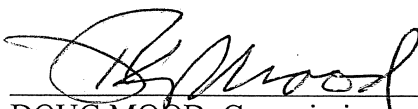
1. The Petition for approval of the issuance of 345,000 shares of Common stock of Energy West Incorporated is hereby granted.
2. Pursuant to § 69-3-507, MCA, neither the issuance of securities by Energy West Incorporated pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed.
3. Issuance of this Order shall not be interpreted as any indication of the ratemaking treatment to be accorded to Energy West Incorporated in future rate proceedings. Approval of the transactions authorized shall not be precedent to any future action of this Commission.

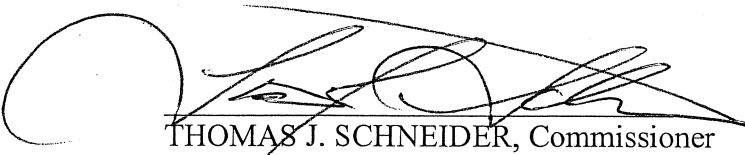
Done in open session in Helena, Montana this 3rd day of May, 2005 by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

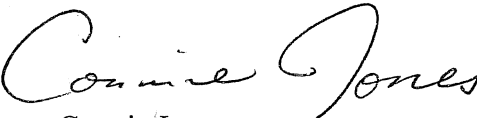

GREG JERGESON, Chairman


BRAD MOLNAR, Vice Chairman


DOUG MOOD, Commissioner


THOMAS J. SCHNEIDER, Commissioner

ATTEST:


Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.